

# **Macroeconomic Projections for the MTNDP(2021-2025):**

**Visioning, Growth Diagnostics and Projections**

**December 17, 2020**

**Presentation of the Central Working Group  
by  
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University of Ibadan**

# Context Setting

# Background



# Background

This presentation summarises three key reports of the Central Working Group

01

## **The Vision Document**

This describes the vision of Nigeria in the medium to long term as well as underlying assumptions and targets. The visioning document sees Nigeria among top 10 countries in the world by 2050

02

## **Growth Diagnostics and Binding Constraints**

This identifies and prioritises the binding constraints to Nigeria's economic growth process

03

## **Macroeconomic Framework**

This presents the macroeconomic projections for the Medium Term National Development Plan (2021-2025)



# Visioning of Nigeria

# Nigeria's vision in the medium and long term

## Medium Term 2021-2025

The Reforming Nigeria –  
Driven by Made in  
Nigeria

Nigeria becomes a leading  
industrialising country and  
reforming nation in Africa that  
focuses on building its State  
Capacity and capabilities

## Long Term 2030

The Competitive  
Nigeria- Driven by  
Inclusive Growth and  
Shared Prosperity

Nigeria becomes a socio-  
politically cohesive nation that  
is resilient to global shocks,  
achieves the SDG and lifts 100  
million people out of poverty

## AGENDA 2050

The Dominant Nigeria –  
Driven by Africa's Most  
Competitive Leaders &  
Workforce

Nigeria becomes a socio-  
economically advanced and  
industrialised nation. Africa's  
most open, competitive,  
economically diversified and  
inclusive economy

# Vision of Nigerian Economy of the future

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**In the Medium to Long Term, we envision a Nigerian Economy that is:**

- Less reliant on oil and gas for revenue and foreign exchange
- Focus on Agricultural Transformation and Food Security
- Guarantee energy sufficiency in power and petroleum products
- Improved Transportation and Other Infrastructures
- An Industrialised and diversified economy (rise in products complexity)
- Improve Health, Education and Productivity of Nigerians
- Enhance Social Inclusion and Reduce Poverty
- Fight Corruption and Improve Governance
- Improve securities for all Citizens
- A Private Sector led economy

The background is a solid blue color. There are two white abstract shapes. One is a curved, wave-like shape at the top right. The other is a larger, more complex shape at the bottom right, resembling a stylized coastline or a large bracket.

# Domestic Growth Constraints

# Addressing key domestic growth constraints is crucial to realization of a strong, reliant and prosperous Nigeria



## Domestic Growth Constraints



**Low levels of private investments:** Issues relating to uncertainty, challenging business terrain, regulatory lapses among several factors have limited the growth of private sector investments in Nigeria. Key issues here are **high cost of finance, low private savings & poor financial intermediation.**



**Market Failure:** This entails inefficient distribution of goods and services in Nigeria. Key issues are **information externalities and coordination externalities.**



**Government Failure:** This looks at several inefficiencies that are occasioned by government interventions. Areas of focus are **macroeconomic instability, weak institutions, corruption and hostile business environment, including security.**



**Low Social Returns:** Low labour productivity, human capital deficiencies and low quality of infrastructure have been major constraints to Nigeria's economic growth over the years. **Areas of focus are low human capital and poor infrastructure.**

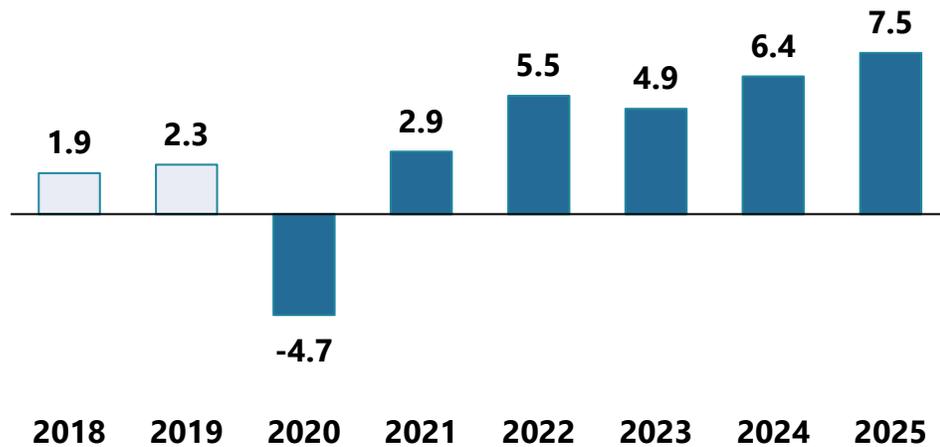


# Macroeconomic Projections for the MTNDP(2021-2025): Results

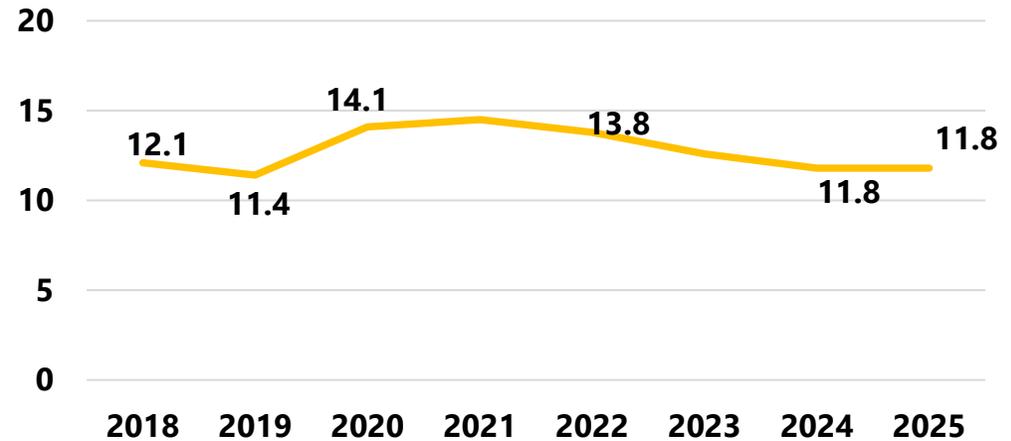
# Macroeconomic Projections for the MTNDP

## 1. REAL INDICATORS

Nigeria's GDP Growth (%): Probable Scenario



Nigeria's Inflation Rate (%): Probable Scenario

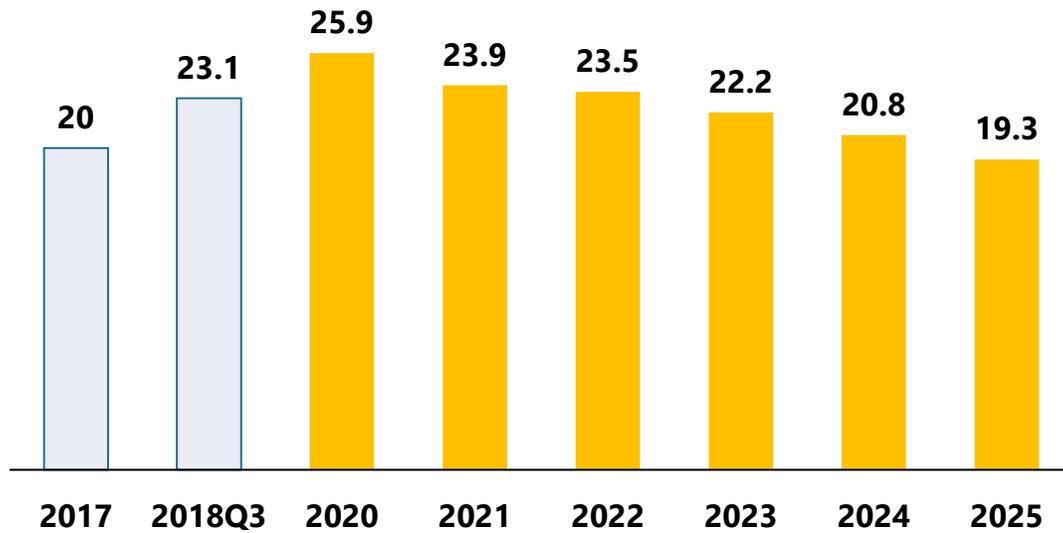


	2020	2021	2022	2023	2024	2025
<b>GDP (current market prices) (N'B)</b>	147,875.1	166,083.7	189,089.1	212,571.0	240,722.7	273,985.4
<b>Private Consumption Expenditure (N'B)</b>	118,868.90	126,607.40	143,900.50	162,705.70	184,719.30	211,616.60
<b>Gross fixed capital formation (N'B)</b>	40,728.50	40,868.90	41,821.80	43,381.80	45,640.60	48,499.90
<b>Public Investment (N'B)</b>	2,572.00	3,097.30	3,601.30	4,099.40	4,749.70	5,503.30
<b>Private Investment (N'B)</b>	38,156.40	37,771.60	38,220.50	39,282.40	40,890.90	42,996.70

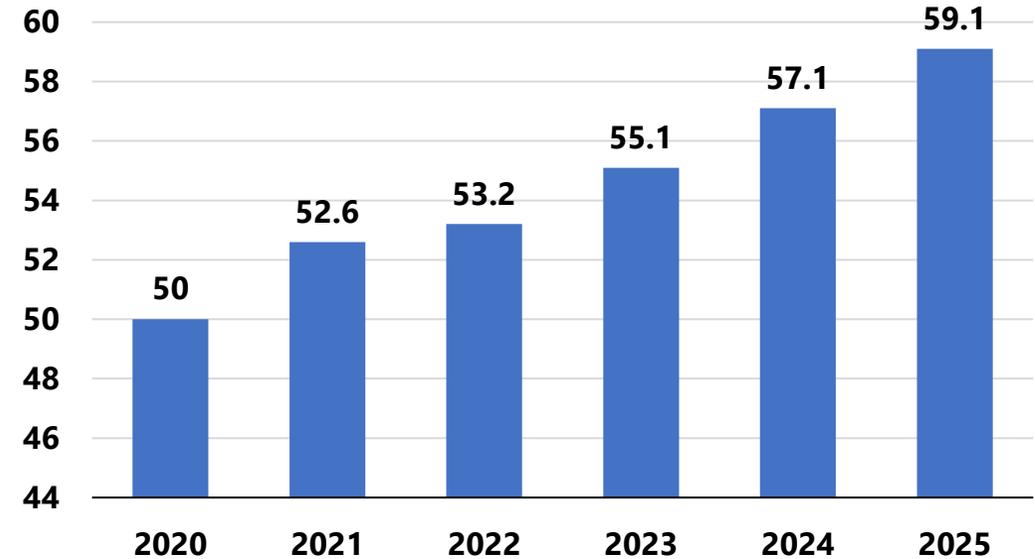
# Macro Projections Cont.

## 2. DEVELOPMENT INDICATORS

Nigeria's Unemployment Rate (%)

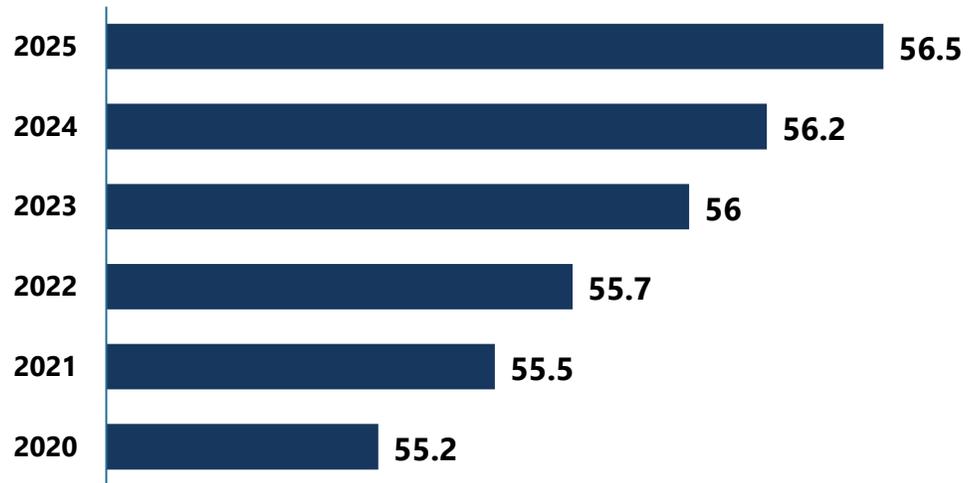


Total Full Employment (M)

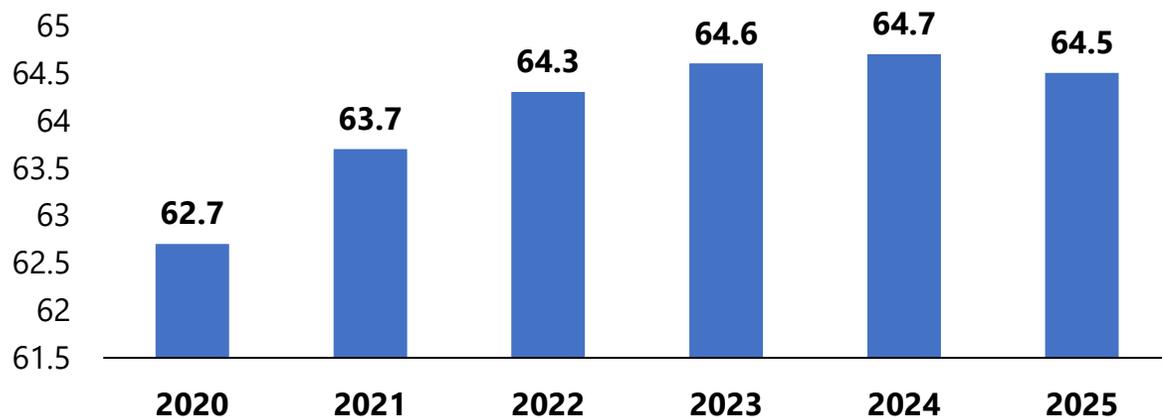


# Detailed Macro Projections Cont.

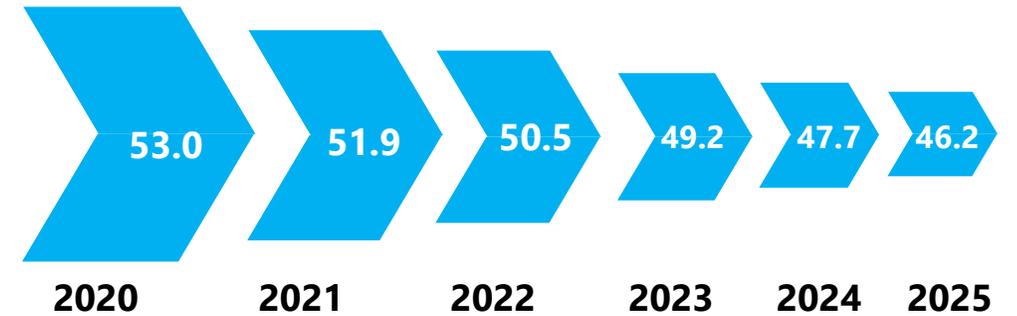
## Life Expectancy at Birth (yrs)



## Adult Literacy Rate (%)

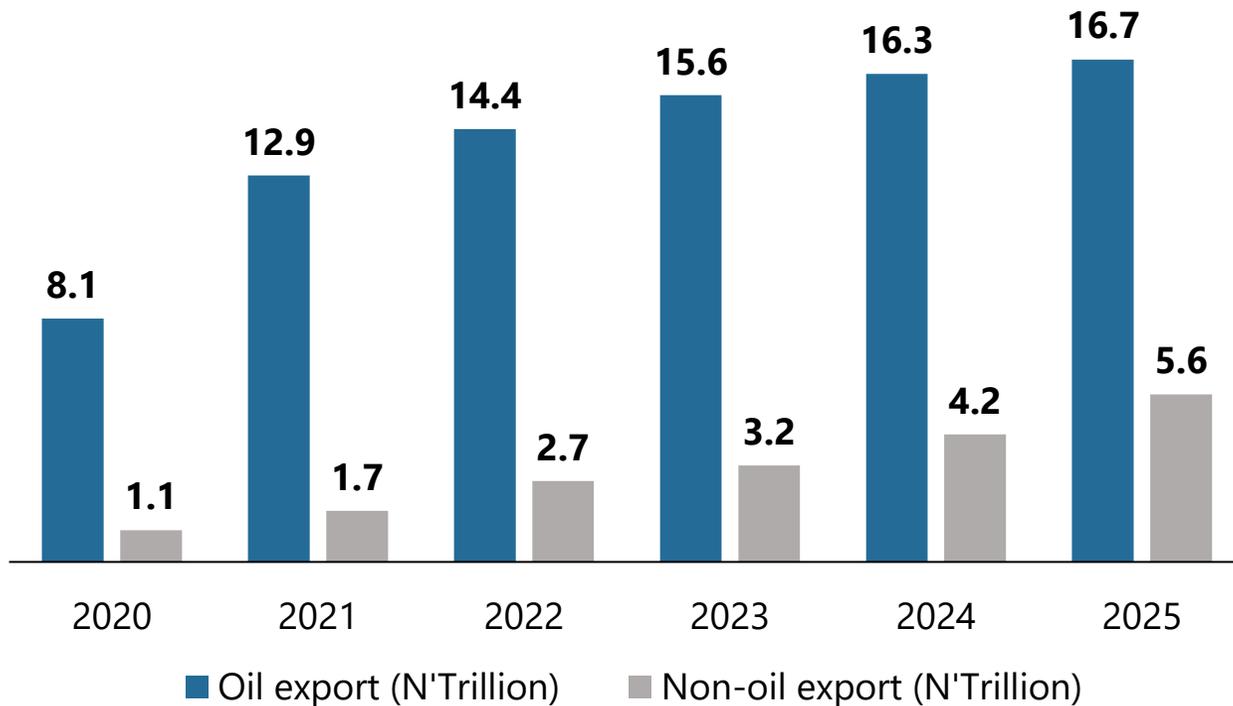


## Nigeria's Poverty Rate (%)

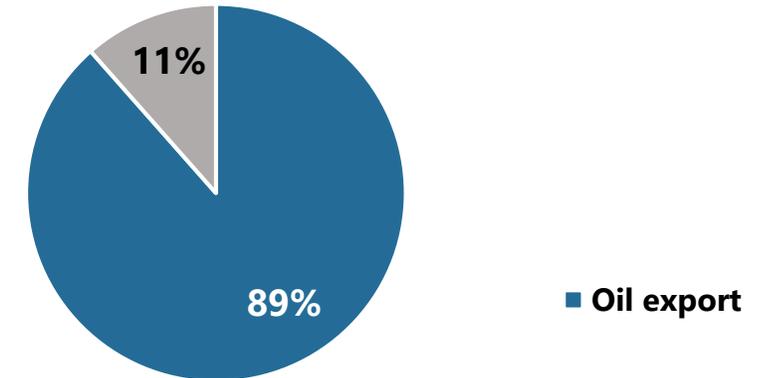


# Detailed Macro Projections Cont.

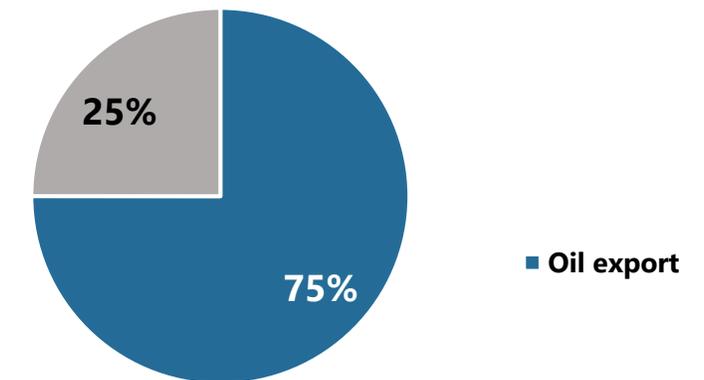
## 3. EXTERNAL SECTOR



Breakdown of Export, 2020



Breakdown of Export, 2025



# Detailed Macro projections Cont.

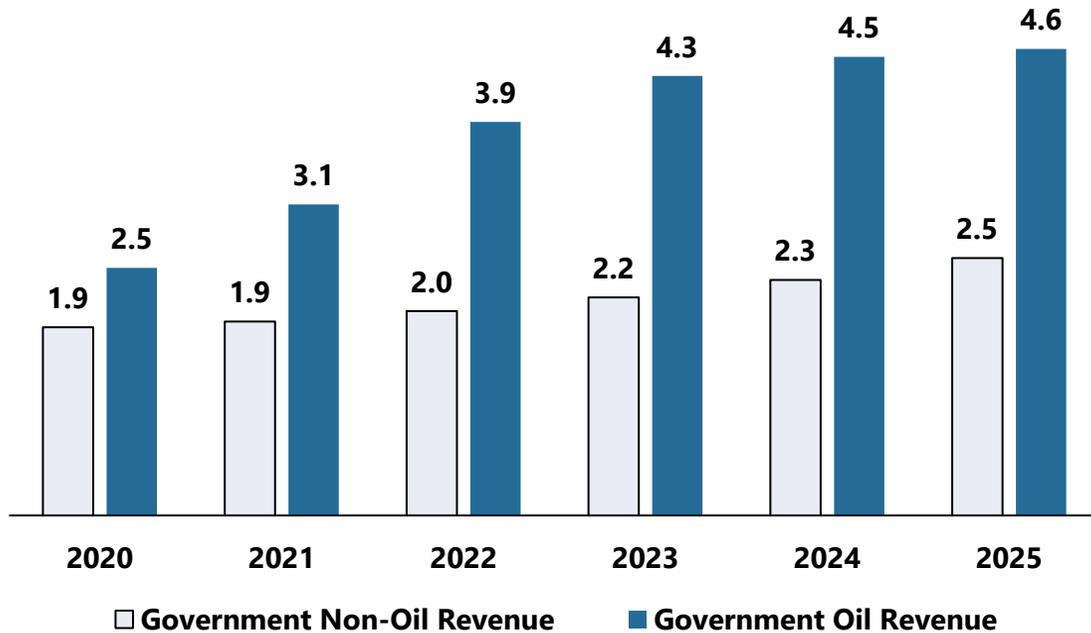
## 3. EXTERNAL SECTOR

	2020	2021	2022	2023	2024	2025
<b>Foreign direct investment, net inflows (BoP, current N'B)</b>	463.1	714.8	925.9	1,090.9	1,295.3	1,547.8
<b>Net Foreign Portfolio Investment (N' B)</b>	72,334.2	78,426.5	86,496.7	95,673.0	106,241.4	118,272.5
<b>Foreign debt (N'B)</b>	9,784.4	9,690.6	8,902.9	8,071.8	7,445.9	6,953.9
<b>Remittances (N'B)</b>	6,652.3	7,380.2	7,569.1	7,990.1	8,634.0	9,520.6
<b>Current Account Balance (N'B)</b>	5,377.7	12,515.0	15,423.5	17,266.7	19,025.8	20,615.6

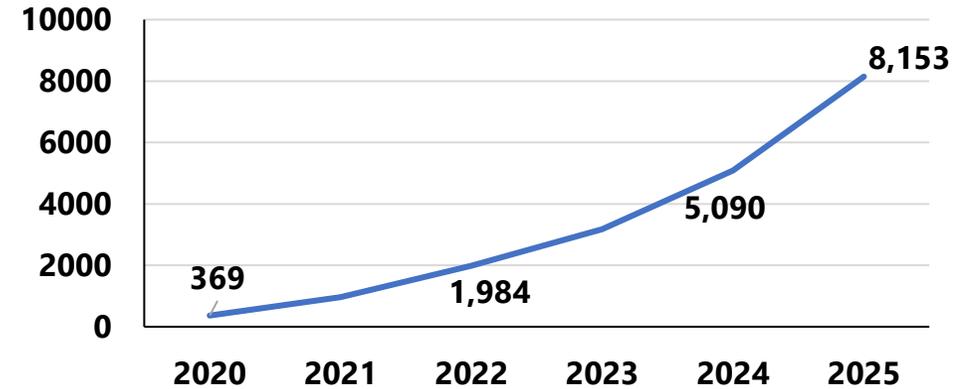
# Detailed Macro Projections Cont.

## 4. FISCAL SECTOR

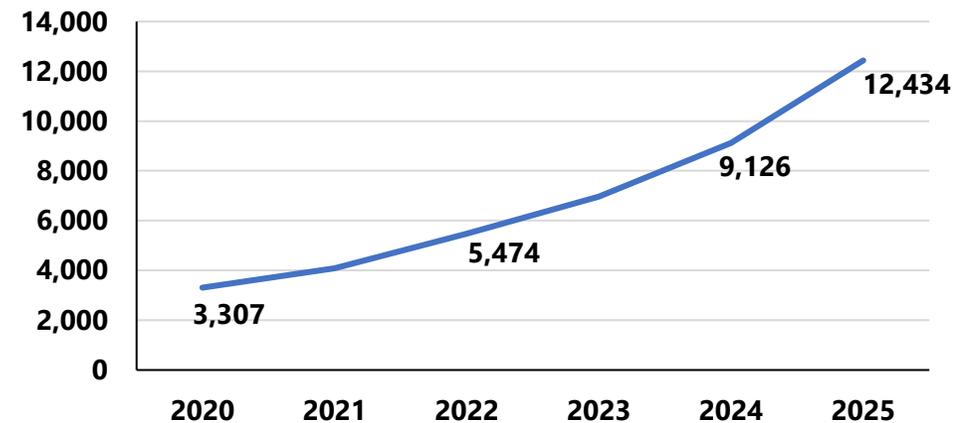
Government Revenue Trillion Naira



Federal Independent Revenue (N'B)



Total Federal Revenue (N'B)



# Detailed Macro Projections Cont.

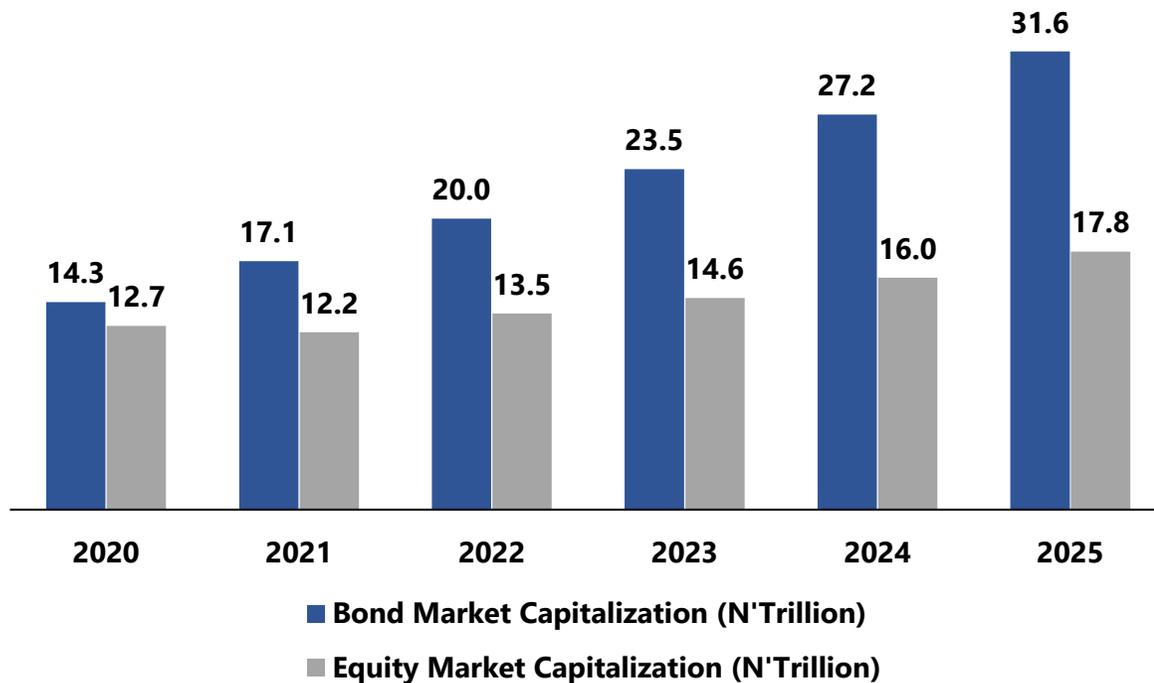
## 4. FISCAL SECTOR

	2020	2021	2022	2023	2024	2025
Total Federal Expenditure (N'B)	7,655.10	9,394.80	10,882.10	12,863.10	14,773.20	17,254.10
Federal Deficit-to-GDP ratio (%)	-2.92	-3.19	-2.85	-2.76	-2.34	-1.75

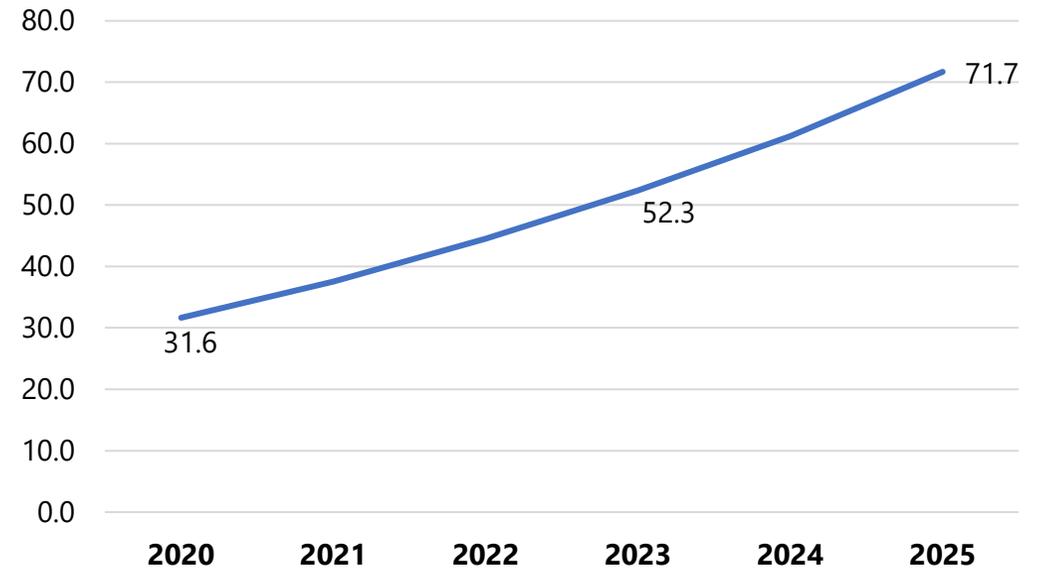
# Detailed Macro projectionsCont.

## 5. MONETARY/FINANCIAL SECTOR

### Market Capitalization



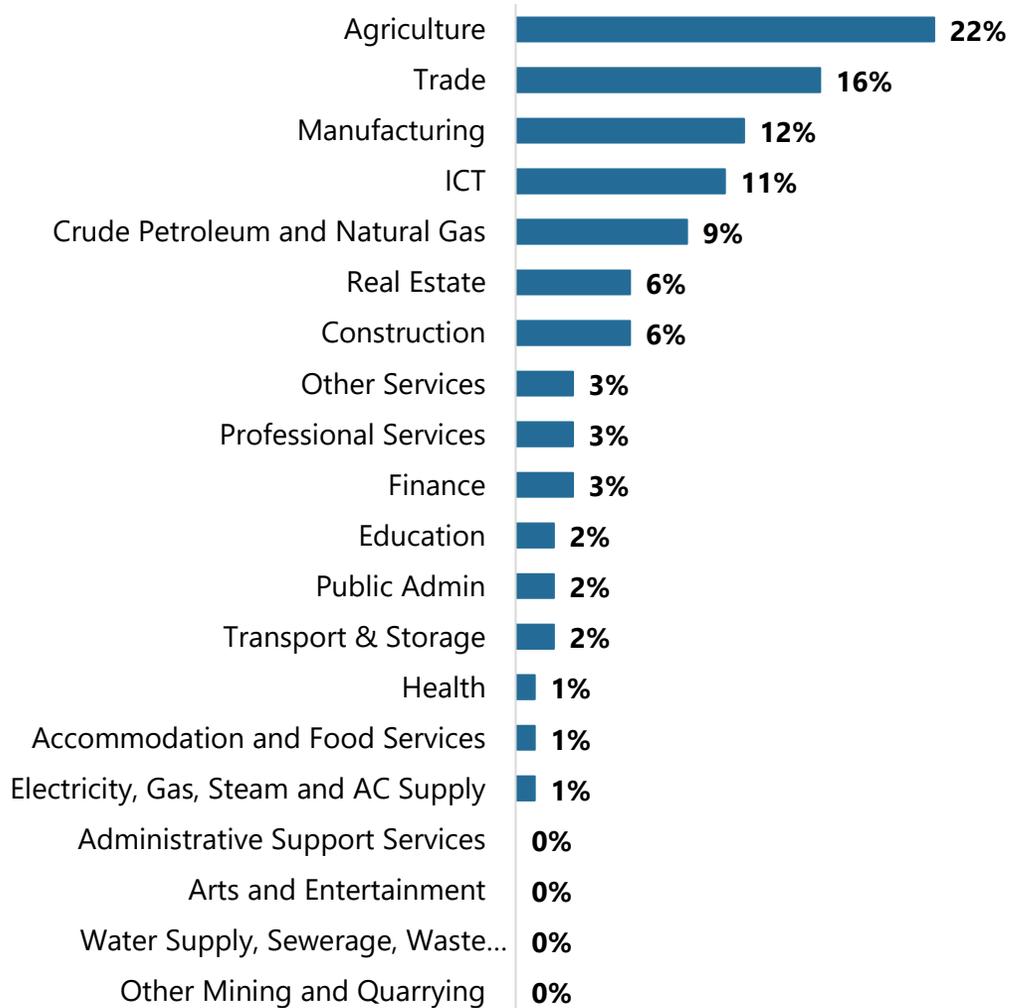
### Broad money (current N'Trillion)



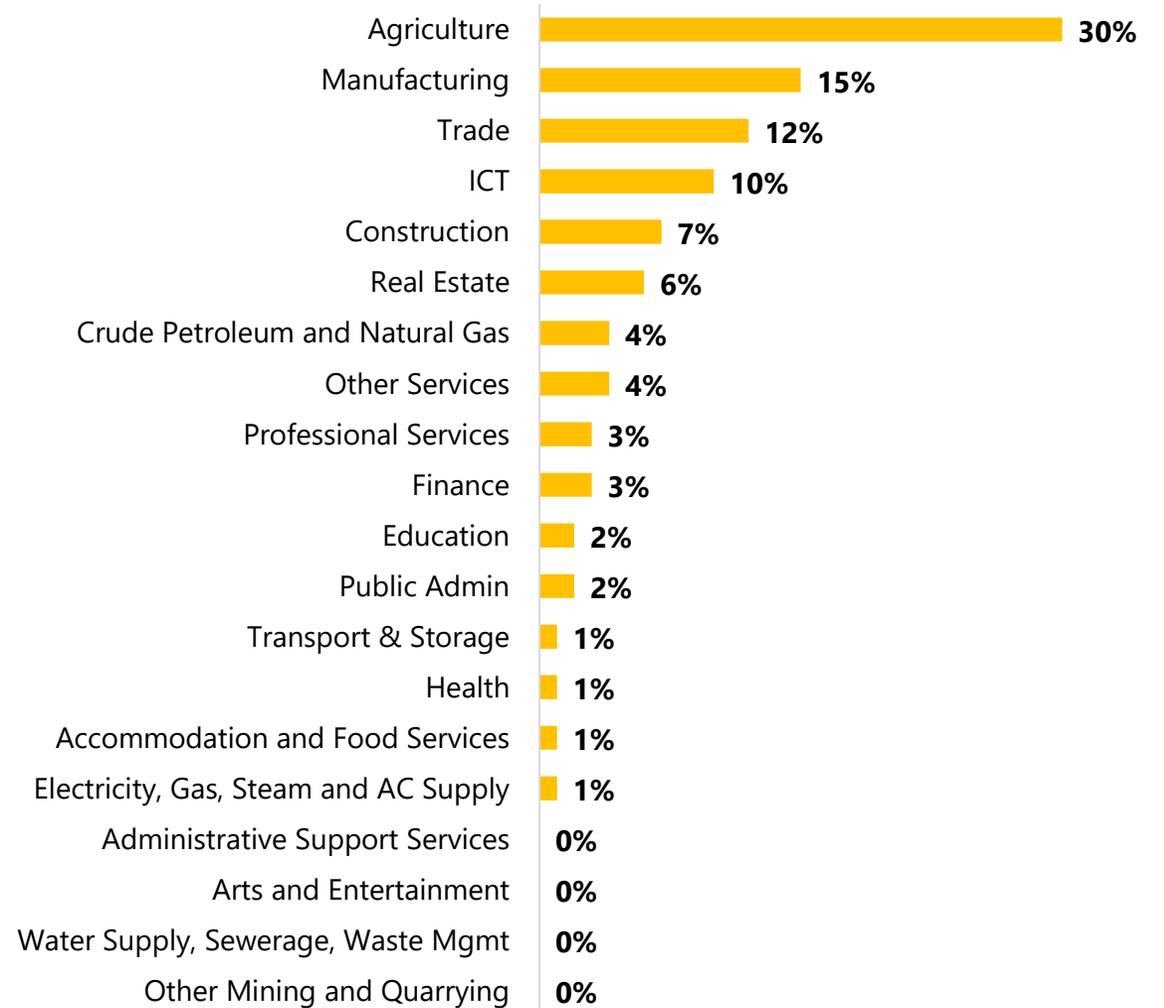
# Nigeria emerges as an industrializing country

Nominal GDP (% Distribution)

2019



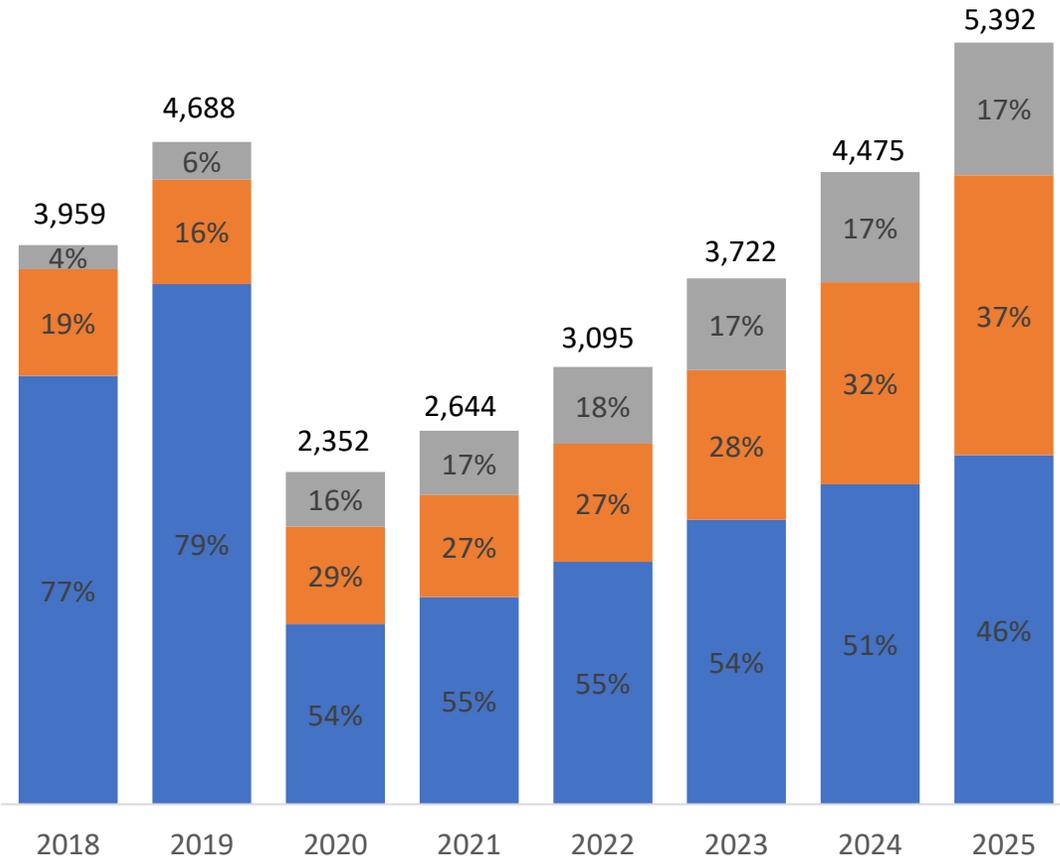
2025



# IGR would replace FAAC as the main revenue source for States while status quo remains for LGAs

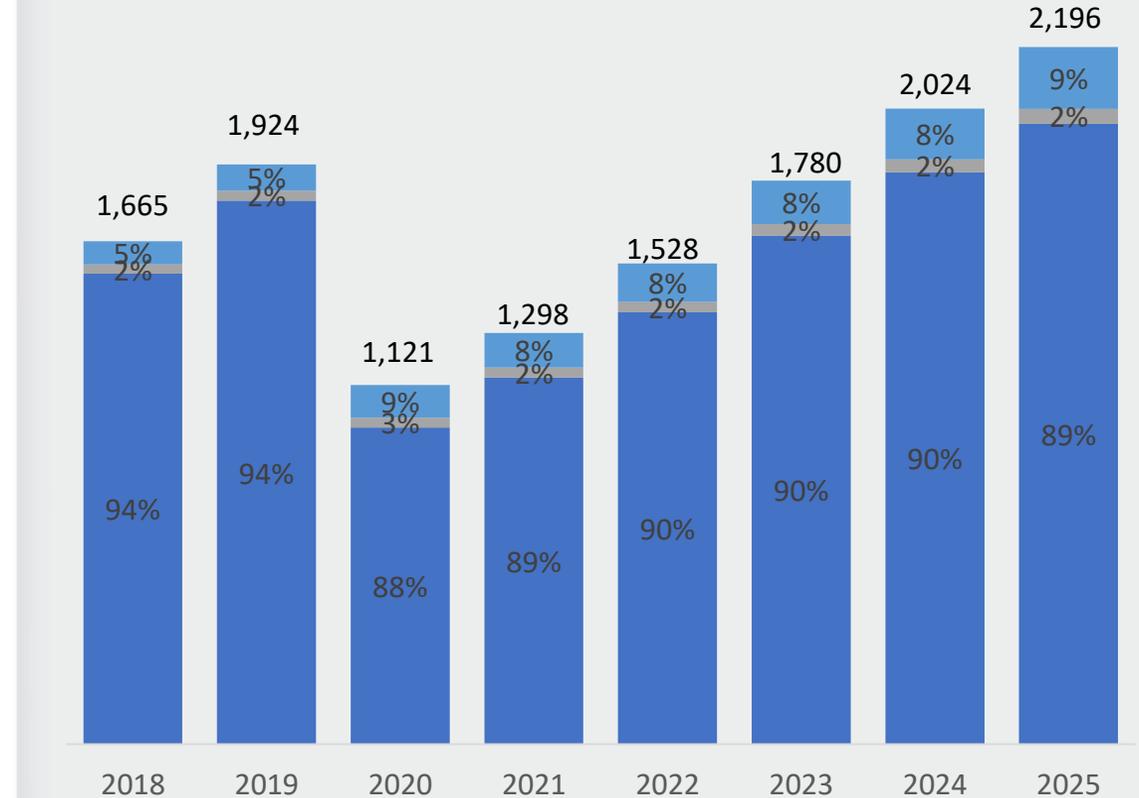
**Composition of States' Revenue by Sources**  
(N' Billion)

■ FAAC ■ IGR ■ Other Revenue



**Composition of LGAs' Revenue by Sources**  
(N' Billion)

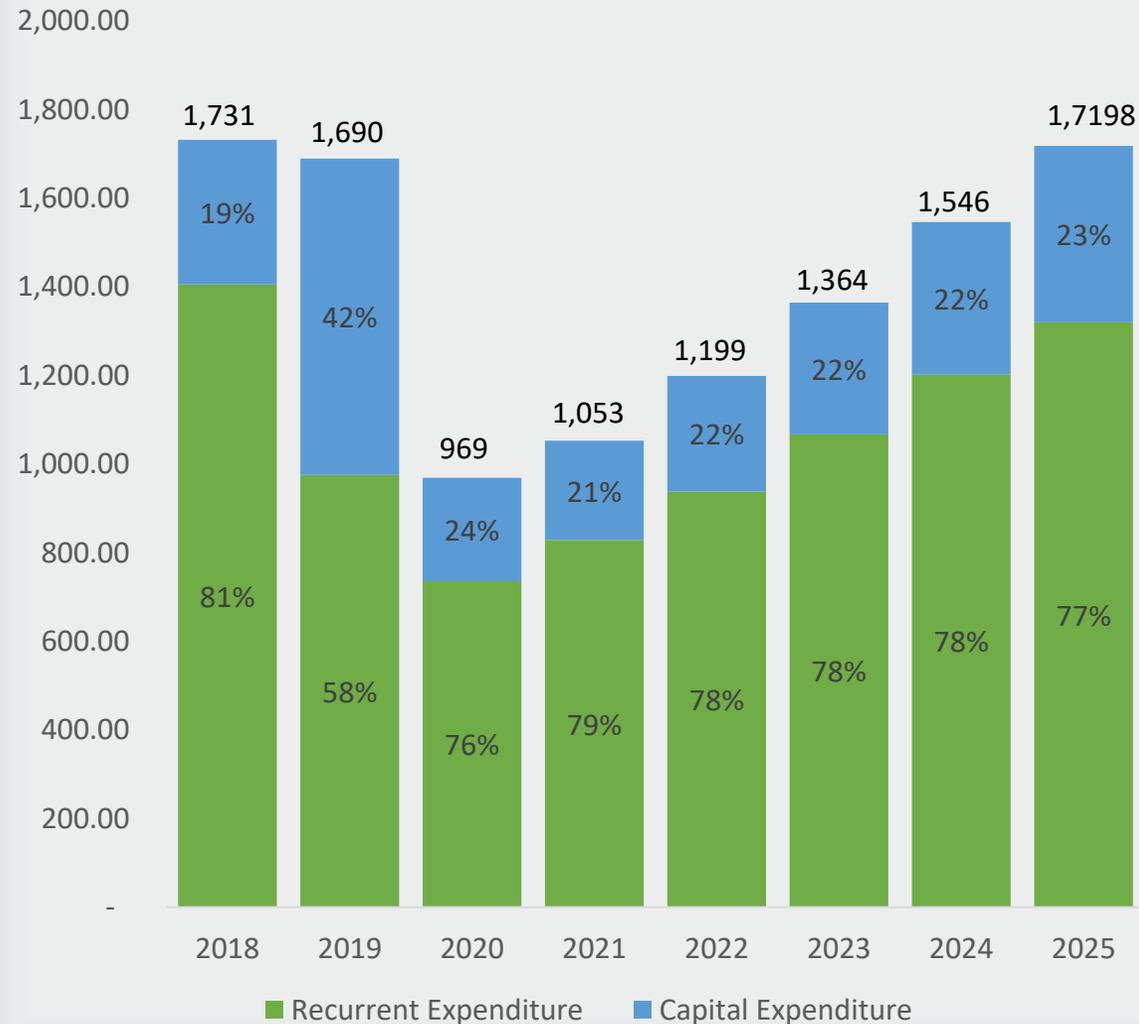
■ FAAC ■ IGR ■ Other Revenue



# LGAs would continue to spend more on salaries and other recurrent expenditure

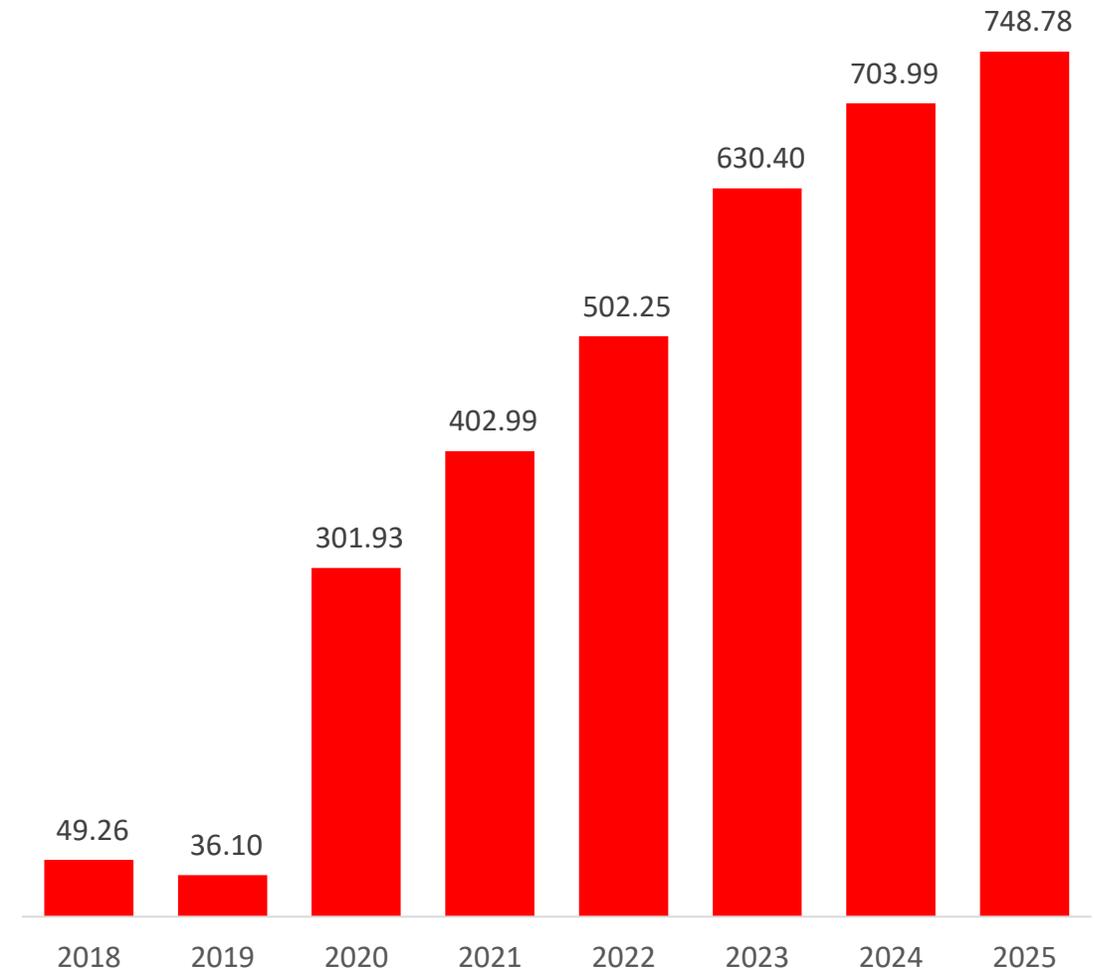
## LGAs' Total Expenditure

(N'Bilion)



## Composition of LGAs' Budget Deficit

(N'Bilion)



# States would face fiscal stress and mounting domestic debts

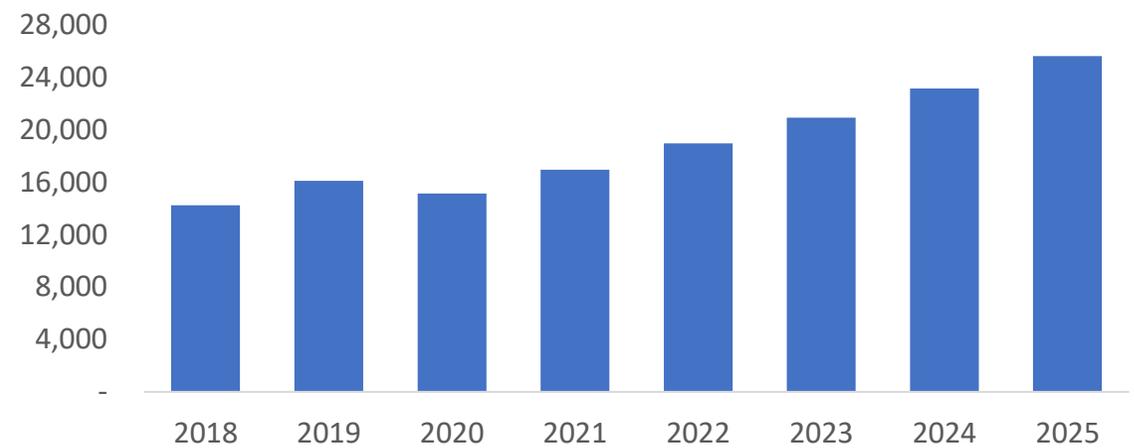
## States' Recurrent Expenditure

(N'Billion)



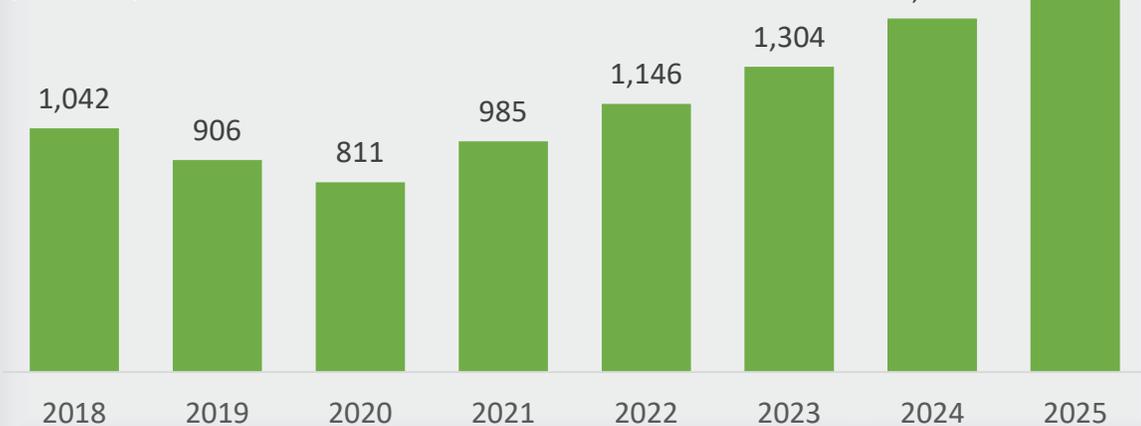
## States' Domestic Debt

(N'Billion)



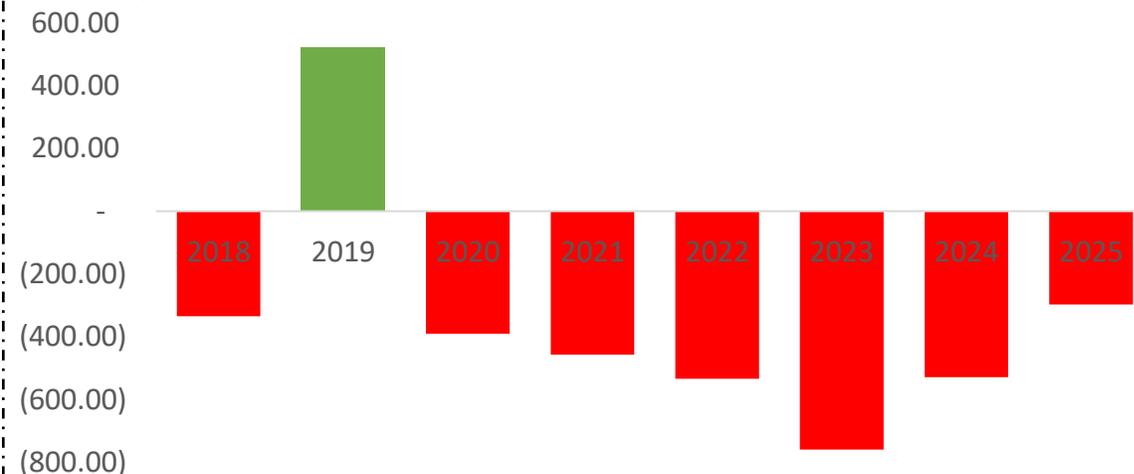
## States' Capital Expenditure

(N'Billion)

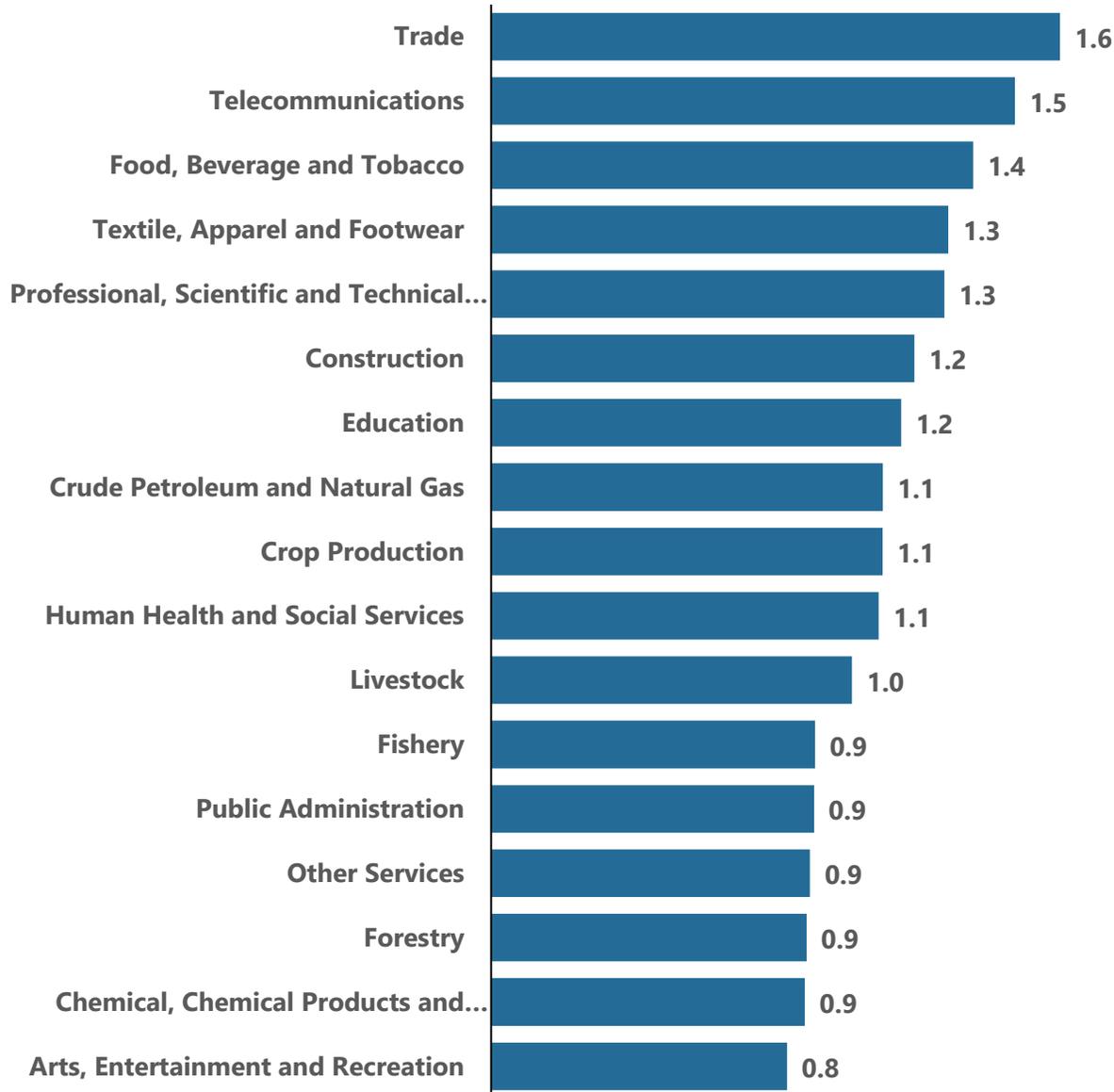


## States' Budget Deficit

(N'Billion)



# Sectors that can drive Nigeria's significant potentials



## Different weight assigned



Output



Income



Employment



Linkages

- Trade, telecommunications are the leading sectors.
- Manufacturing, Construction, Crude Petroleum & Natural Gas, Education, agriculture rank top ten sectors.
- Some of the leading sectors trade, agriculture education, will help address poverty, and gender related issues.

# Key Findings and Policy Implications

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## Policy Focus next 5 Years



### **Enable, resource and promote key sectors identified by the IO model**

- Some required direct investment
- Others need policy support



### **Provide enablers of development**

- Infrastructure (power, transportation, energy, ICT, etc)
- Institutions (governance, security, legal frameworks, etc)



### **Strengthen intersectoral, interregional linkages**

- (rural-urban, urban-urban) linkages



### **Promote private sector participation in the economy**

- Macroeconomic stability
- Policy and regulatory stability



### **Improve government financing to enable the State play a developmental role**

- Governments at all levels must be resourced to play developmental role

**Thank you**